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**BOLIVAR COUNTY, MISSISSIPPI**

**Audited Primary Government Financial Statements and Special Reports  
For the Year Ended September 30, 2006**

Bridgers & Company, P.C.  
Certified Public Accountant  
Vicksburg, Mississippi

BOLIVAR COUNTY

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BOLIVAR COUNTY

FINANCIAL SECTION

BOLIVAR COUNTY

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INDEPENDENT AUDITOR'S REPORT  
ON  
THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION

Members of the Board of Supervisors  
Bolivar County, Mississippi

We have audited the accompanying financial statements, of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the county's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court. Due to the nature of the county's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, reported on the Statement of Net Assets and in the General Fund at \$ 488,950, as of September 30, 2006. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

Management did not maintain adequate records documenting the activity of the Circuit Court criminal and civil accounts. We were unable to determine the source of all of the Circuit Clerk cash at September 30, 2006, and the related revenues and liabilities.

The financial statements referred to above include only the primary government of Bolivar County, Mississippi, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the county's legal entity. The financial statements do not include financial data for the county's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Bolivar County, Mississippi, as of September 30, 2005, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In our opinion, except for the effects of any adjustments, if any, as might have been determined to be necessary had we been able to examine adequate evidence to determine the net realizable value of the Circuit Clerk fines receivable for the General Fund as described in the third paragraph and except for the adjustments, in any, as might have been determined to be necessary had we been able to examine evidence to determine the amount of the Circuit Clerk's cash and related revenues and liabilities as described in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund for the primary government of Bolivar County, Mississippi, as of September 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, the Countywide Road Maintenance Fund and the aggregate remaining fund information for the primary government of Bolivar County, Mississippi, as of September 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 4, 2007, on our consideration of Bolivar County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Bolivar County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
BRIDGERS & COMPANY, P.C.  
Certified Public Accountant  
Vicksburg, Mississippi

December 17, 2007

BOLIVAR COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

Bolivar County  
Statement of Net Assets  
September 30, 2006

Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash and investments	\$ 8,022,610	1,563,705	9,586,315
Accrued interest receivable	13,771	540	14,311
Property tax receivable	11,571,138		11,571,138
Fines receivable, (net of allowance for uncollectibles of \$320,242)	488,950		488,950
Loans receivable, (net of allowance for uncollectibles of \$320,242)	567,662		0
Intergovernmental receivables	151,223	22,454	173,677
Other receivables	12,733		12,733
Internal balances	132,045	-132,045	0
Lease payments receivable	797,626		797,626
Capital assets, net	53,505,993	6,339,028	59,845,021
<b>Total Assets</b>	<b>75,263,751</b>	<b>7,793,682</b>	<b>82,489,771</b>
<b>LIABILITIES</b>			
Claims payable	816,658	129,856	946,514
Intergovernmental payables	266,466		266,466
Accrued interest payable	17,788	45,207	62,995
Deferred revenue	11,707,415		11,707,415
Other payables	173,201		173,201
Long-term liabilities			
Due within one year:			
Capital related debt	1,157,874	270,000	1,427,874
Non-capital debt	172,000		172,000
Due in more than one year:			
Capital related debt	1,928,841	7,825,000	9,753,841
Non-capital debt	2,119,477	36,083	2,155,560
<b>Total Liabilities</b>	<b>18,359,720</b>	<b>8,306,146</b>	<b>26,665,866</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	50,419,278	-1,755,972	48,663,306
Restricted:			
Expendable:			
Debt service	1,121,627		1,121,627
Public safety	250,310	1,243,508	1,493,818
Economic development	594,984		594,984
Public works	335,145		335,145
Health and welfare	62,243		62,243
Culture and recreation	1,935		1,935
Capital projects	12,821		12,821
Unrestricted	4,105,688		4,105,688
<b>Total Net Assets</b>	<b>\$ 56,904,031</b>	<b>-512,464</b>	<b>56,391,567</b>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
Statement of Activities  
For the Year Ended September 30, 2006

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government	
						Business Type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,775,730	629,913	62,989		-2,082,828		-2,082,828
Public safety	4,296,365	336,770	161,426		-3,798,169		-3,798,169
Public works	6,630,493	123,465	856		-6,506,172		-6,506,172
Health and welfare	902,641	36,000		221,966	-644,675		-644,675
Culture and recreation	408,696				-408,696		-408,696
Conversation of natural resources	108,020				-108,020		-108,020
Economic development and assistance	823,815	15,010			-808,805		-808,805
Interest on long-term debt	256,690				-256,690		-256,690
<b>Total Governmental Activities</b>	<b>16,202,450</b>	<b>1,141,188</b>	<b>225,271</b>	<b>221,966</b>	<b>-14,814,055</b>	<b>0</b>	<b>-14,814,055</b>
<b>Business-type activities:</b>							
Correctional facility	4,759,204	5,166,864				407,660	407,660
<b>Total Business-type Activities</b>	<b>4,759,204</b>	<b>5,166,864</b>				<b>407,660</b>	<b>407,660</b>
<b>Total Primary Government</b>	<b>\$ 20,961,654</b>	<b>6,308,022</b>	<b>225,271</b>	<b>221,966</b>	<b>-14,814,055</b>	<b>407,660</b>	<b>-14,206,395</b>
<b>General revenues:</b>							
Property taxes				\$	10,976,151		10,976,151
Road & bridge privilege taxes					413,120		413,120
Grants and contributions not restricted to specific programs					1,744,324		1,744,324
Unrestricted investment income					479,879	36,401	515,280
Miscellaneous					947,625	7,025	954,650
<b>Total General Revenues</b>					<b>14,561,099</b>	<b>42,426</b>	<b>14,603,525</b>
<b>Changes in Net Assets</b>					<b>-52,956</b>	<b>450,086</b>	<b>397,130</b>
<b>Net Assets - Beginning</b>					<b>46,023,139</b>	<b>-962,550</b>	<b>45,060,589</b>
<b>Prior period adjustments</b>					<b>10,933,848</b>		<b>10,933,848</b>
<b>Net Assets - Beginning, as restated</b>					<b>56,956,987</b>	<b>-962,550</b>	<b>55,994,437</b>
<b>Net Assets - Ending</b>					<b>\$ 56,904,031</b>	<b>-512,464</b>	<b>\$ 56,391,567</b>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
Balance Sheet - Governmental Funds  
September 30, 2006

Exhibit 3

	Countywide				Total Governmental Funds
	General Fund	Maintenance Fund	Road Fund	Other Governmental Funds	
<b>ASSETS</b>					
Cash	4,456,489	2,055,490		1,510,631	8,022,610
Property tax receivable	7,417,635	1,848,310		2,305,193	11,571,138
Interest receivable	6,869	4,322		2,580	13,771
Fines receivable (net of allowance for uncollectibles of \$ 320,242 )	488,950				488,950
Loans receivable ( net of allowance for uncollectibles of \$ 367,779 )				567,662	567,662
Intergovernmental receivables	151,223				151,223
Advances to other funds	94,919				94,919
Due from other funds	37,126	19,188		30,722	87,016
Other receivables	12,733				12,733
Lease payments receivable				797,626	797,626
<b>Total Assets</b>	<b>12,665,944</b>	<b>3,927,290</b>	<b>5,214,414</b>		<b>21,807,648</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	296,280	145,167		375,211	816,658
Intergovernmental payables	266,466				266,466
Due to other funds	65,427				65,427
Deferred revenue	7,906,585	1,848,310		3,102,819	12,857,714
Other payables	157,664				157,664
<b>Total Liabilities</b>	<b>8,692,422</b>	<b>1,993,477</b>	<b>3,478,030</b>		<b>14,163,929</b>
<b>Fund balances</b>					
Reserved for:					
Advances	94,919				94,919
Debt service				523,634	523,634
Loans receivable				567,662	567,662
Unreserved, reported in:					
General Fund	3,878,603				3,878,603
Special Revenue Funds		1,933,813		625,211	2,559,024
Capital Projects Funds				19,877	19,877
<b>Total Fund Balances</b>	<b>3,973,522</b>	<b>1,933,813</b>	<b>1,736,384</b>		<b>7,643,719</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,665,944</b>	<b>3,927,290</b>	<b>5,214,414</b>		<b>21,807,648</b>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2006

Exhibit 3-1

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 7,643,719
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$ 70,899,068.	53,505,993
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	488,950
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	-5,378,192
Capital leases are not available to pay for current period expenditures and, therefore, are not reported in the funds.	661,349
Accrued interest payable is not due and payable in the current - period and, therefore, is not reported in the funds.	-17,788
Total Net Assets - Governmental Activities	\$ <u>56,904,031</u>

The notes to the financial statements are an integral part of this statement.

Bolivar County

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances For Governmental Funds  
For the Year Ended September 30, 2006

	Major Funds				Total Governmental Funds
	General Fund	Countywide Maintenance Fund	Road Fund	Other Governmental Funds	
<b>REVENUES</b>					
Property taxes	\$ 7,194,894	1,684,740	413,120	2,096,517	10,976,151
Road and bridge privilege taxes			3,522	11,426	413,120
Licenses, commissions and other revenue	325,005				339,953
Fines and forfeitures	281,969				281,969
Intergovernmental revenues	994,356	703,478		611,785	2,309,619
Charges for services	270,537		88,070	420,836	420,836
Interest income	345,270		60,975	121,272	479,879
Miscellaneous revenues	9,412,031	2,953,905		320,977	727,222
<b>Total Revenues</b>				<b>3,582,813</b>	<b>15,948,749</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,615,571			149,775	4,765,346
Public safety	3,136,483			910,655	4,047,138
Public works		3,591,679		1,971,620	5,563,299
Health and welfare	712,487			189,139	901,626
Culture and recreation	404,793			11,932	416,725
Conservation of natural resources	108,722				108,722
Economic development and assistance	131,867			690,020	821,887
Debt service:					
Principal	30,000		378,048	464,757	872,805
Interest	5,847		71,694	180,610	258,151
<b>Total Expenditures</b>	<b>9,145,770</b>	<b>4,041,421</b>		<b>4,568,508</b>	<b>17,755,699</b>
Excess of Revenues over (under) Expenditures	266,261	-1,087,516		-985,695	-1,806,950

OTHER FINANCING SOURCES ( USES)

Long-term capital debt issued				17,504	705,068
Proceeds from sale of capital assets		687,564		24,000	24,000
Transfers in					24,000
Transfers out	24,000			41,631	41,631
Lease principal payments				83,135	746,699
Total Other Financing Sources and Uses	<u>-24,000</u>	<u>687,564</u>			
Net Changes in Fund Balances	<u>242,261</u>	<u>-399,952</u>		<u>-902,560</u>	<u>-1,060,251</u>
Fund Balances - Beginning	3,731,261	2,333,765		3,341,924	9,406,950
Prior period adjustment				-702,980	-702,980
Fund Balance - Beginning, as restated	<u>3,731,261</u>	<u>2,333,765</u>		<u>2,638,944</u>	<u>8,703,970</u>
Fund Balances - Ending	<u>\$ 3,973,522</u>	<u>1,933,813</u>		<u>1,736,384</u>	<u>7,643,719</u>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2006

Exhibit 4-1

	Amount
Net Change in Fund Balances - Governmental Funds	\$ -1,060,251

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$3,289,067 exceeded depreciation of \$2,570,092 in the current period.	718,975
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In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the gain of \$220,403 and the proceeds from the sale of \$ 705,068 in the current period.	-484,665
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In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest proceeds increase financial resources. Thus, the change in net assets differs from change in fund balance by the principal collections on the capital leases.	-41,631
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Fine revenue recognized on the modified accrual basis in the funds during the current year, is increased because fines were collected for which prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	-19,658
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Debt proceeds provide current financial resources to Government Funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$ 0, is exceeded by debt repayments of \$ 872,805.	872,805
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Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting, when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balance by a combination of the following items:

Accrued interest payable	1,461
Compensated absences	-39,992

Change in Net Assets of Governmental Activities	\$ -52,956
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The notes to the financial statements are an integral part of this statement.

Bolivar County  
Statement of Net Assets - Proprietary Funds  
September 30, 2006

Exhibit 5

Business-type Activities - Enterprise Funds

	<u>BCRCF</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,563,705
Interest receivable	540
Intergovernmental receivables	22,454
<b>Total Current Assets</b>	<u>1,586,699</u>
Noncurrent assets:	
Capital assets, net	<u>6,339,028</u>
<b>Total Noncurrent Assets</b>	<u>6,339,028</u>
<b>Total Assets</b>	<u>7,925,727</u>
<b>LIABILITIES</b>	
Claims payable	129,856
Interfund payables	132,045
Accrued interest payable	45,207
Capital related debt - current	270,000
<b>Total Current Liabilities</b>	<u>577,108</u>
Noncurrent liabilities:	
Capital related debt:	7,825,000
Non-capital debt:	
Compensated absences payable	<u>36,083</u>
<b>Total Noncurrent Liabilities</b>	<u>7,861,083</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	-1,755,972
Restricted for public works	<u>1,243,508</u>
<b>Total Net Assets</b>	<u>\$ -512,464</u>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds  
 For the Year Ended September 30, 2006

Exhibit 6

<u>Business-type Activities - Enterprise Funds</u>	
	<u>BCRCF Fund</u>
Operating Revenues	
Charges for services	\$ 5,166,864
Miscellaneous	7,025
Total Operating Revenues	<u>5,173,889</u>
Operating Expenses	
Personal services	2,233,191
Contractual services	759,186
Consumable supplies	1,156,286
Depreciation expense	189,109
Indirect administrative cost	37,126
Total Operating Expenses	<u>4,374,898</u>
Operating Income ( Loss )	<u>798,991</u>
Nonoperating Revenues ( Expenses )	
Interest Income	35,401
Interest expense	<u>-384,306</u>
Net nonoperating Revenue ( Expenses)	<u>-348,905</u>
Change in Net Assets	450,086
Net Assets - Beginning	<u>-962,550</u>
Net Assets - Ending	<u>\$ -512,464</u>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2006

Exhibit 7

Business-type Activities - Enterprise Funds

	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 5,331,589
Payments to suppliers	-1,948,445
Payments to employees for services	-2,233,191
Other operating cash receipts	<u>7,025</u>
Net Cash Provided ( Used ) by Operating Activities	<u>1,156,978</u>
 Cash Flows From Capital and Related Financing Activities	
Principal paid on debt	-265,000
Interest paid on debt	<u>-385,263</u>
Net Cash Provided ( Used ) by Capital and Related Financing Activities	<u>-650,263</u>
 Cash Flows From Noncapital Financing Activities	
Interest on investments	<u>34,861</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>34,861</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	541,576
 Cash and Cash Equivalents at Beginning of Year	<u>1,022,129</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 1,563,705</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	<u>798,991</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	189,109
 Changes in assets and liabilities:	
(Increase) decrease in governmental receivables	164,725
Increase (decrease) in claims payable	-43,327
Increase (decrease) in compensated absences liability	10,354
Increase (decrease) in interfund payables	37,126
 Total Adjustments	<u>357,987</u>
 Net Cash Provided (Used) by Operating Activities	<u>\$ 1,156,978</u>

The notes to the financial statements are an integral part of this statement.

Bolivar County  
Statement of Fiduciary Assets and Liabilities  
September 30, 2006

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 294,915
Due from other funds	15,537
Other receivables	<u>122</u>
 Total Assets	 <u><u>310,574</u></u>
 <b>LIABILITIES</b>	
Intergovernmental payables	 <u>310,574</u>
 Total Liabilities	 <u><u>\$ 310,574</u></u>

The notes to the financial statements are an integral part of this statement.

BOLIVAR COUNTY

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BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Bolivar County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Bolivar County to present these financial statements on the primary government and its component unit which has a significant operational or financial relationship with the county.

Management has chosen to omit from these financial statements the following component units which have a significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- \* Bolivar County Port Commission
- \* Bolivar County Economic Development District
- \* Bolivar County Library
- \* Bolivar Medical Center Foundation

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- \* Board of Supervisors
- \* Chancery Clerk
- \* Circuit Clerk
- \* Justice Court Clerk
- \* Purchase Clerk
- \* Tax Assessor / Collector
- \* Sheriff

B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business type activities. Business type activities rely mainly on fees and charges for support.

## BOLIVAR COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2006

The Statement of Net Assets presents the financial condition of the governmental activities and business type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the good or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bullentins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally results from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

The county reports the following major Governmental Funds:

**General Fund** - This fund is used to account for all activities of the general government for which a separate fund has not been established.

**Countywide Road Maintenance Fund** - Accounts for monies from specific revenue sources that are restricted for highway maintenance.

The county reports the following major Proprietary Fund:

**Bolivar County Regional Correctional Facility (BCRCF)** - This fund accounts for the county's activities of operating the correctional facility.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources ( other than for major capital projects ) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

**Debt Service Funds** - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds** - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPE

**Enterprise Funds** - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

**Agency Funds** - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are not reported on the government wide financial statements. Current year general infrastructure assets are reported on the government wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

\* Leased property capitalization policy will correspond with the amounts for the asset classification, as listed above.

I. Long-term liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Proprietary Fund Statement of Net Assets.

J. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applied for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

M. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Government Funds report the compensated absence liability payable only if the payable has matured for example an employee resigns or retires.

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

1. Adjustment to record hospital buildings not previously recorded. \$ 10,933,848

Exhibit 4 - Statement of Revenues, Expenditures, and Changes in  
Fund Balances For Governmental Funds

1. To restore lease principal payments to deferred revenue. \$ -702,980

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2006, was \$ 9,881,230, and the bank balance was \$ 10,302,263. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the operation of the Bolivar County Regional Correction Facility.

Investment balances at September 30, 2006, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury Bill	Less than one year	\$683,550	
Total		<u>\$683,550</u>	

Interest Rate Risk. The county does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity period of any investment of surplus funds to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

BOLIVAR COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2006

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2006:

Due From / To Other Funds

A.	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	General Fund	Enterprise Fund	37,126
	Highway Maintenance Fund	General Fund	19,168
	Other Governmental Fund	General Fund	30,722
	Agency	General Fund	15,537
	Total		<u>\$ 102,553</u>

The General Fund receivable is for indirect administrative cost due from BCRCF. All other receivables represent the tax revenue collected but not settled until October 2006. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances to / from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	<u>\$ 94,919</u>

The General Fund receivable represents the amount of indirect administrative cost that was not paid within one year.

C.	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
	Other Governmental Funds	General	<u>24,000</u>
			<u>\$ 24,000</u>

The transfer of \$ 24,000 from the general fund was to pay the debt service payments in the Public Health B & I Fund. All Interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2006, consisted of the following:

Governmental Activities:	<u>Receivables</u>
Legislative tax credit	\$ 147,016
Emergency Management grant	4,207
Total Governmental Activities	<u>\$ 151,223</u>
 Business-type Activities:	
Reimbursement for inmates	\$ 22,454
Total Business-type Activities	<u>\$ 22,454</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2006, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
MDEZA - River Run	10-02	2.0	09-37	\$ 137,679
CDBG - Knightline	10-02	4.0	02-19	567,662
MDEZA - Knightline	05-03	4.0	02-19	230,100
				<u>935,441</u>
			Less: Allowance for uncollectibles	-367,779
				<u>\$ 567,662</u>

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(7) Capital Assets:

The following is a summary of capital assets for the year ended September 30, 2006:

Governmental activities:

	Balance Oct. 1, 2005	Additions	Deletions	Adjustments	Balance Sept. 30, 2006
Non-depreciable capital assets:					
Land	\$ 1,047,226				1,047,226
Depreciable capital assets:					
Infrastructure	73,352,269	2,359,157			75,711,426
Buildings	22,242,044			14,665,847	36,907,891
Improvements other than buildings	255,942				255,942
Mobile equipment	8,006,995	848,753	1,262,547		7,593,201
Furniture and equipment	2,844,212	81,157	35,994		2,889,375
<b>Total depreciable capital assets</b>	<b>106,701,462</b>	<b>3,289,067</b>	<b>1,298,541</b>	<b>14,665,847</b>	<b>123,357,835</b>
Less accumulated depreciation for:					
Infrastructure	50,112,074	1,245,020			51,357,094
Buildings	8,267,389	375,760		3,731,999	12,375,148
Improvements other than buildings	205,712				205,712
Mobile equipment	4,549,302	833,103	791,200		4,591,205
Furniture and equipment	2,276,376	116,209	22,676		2,369,909
<b>Total accumulated depreciation</b>	<b>65,410,853</b>	<b>2,570,092</b>	<b>813,876</b>	<b>3,731,999</b>	<b>70,899,068</b>
<b>Total depreciable capital assets, net</b>	<b>41,290,609</b>	<b>718,975</b>	<b>484,665</b>	<b>10,933,848</b>	<b>52,458,767</b>
<b>Governmental activities capital assets, net</b>	<b>42,337,835</b>	<b>718,975</b>	<b>484,665</b>	<b>10,933,848</b>	<b>53,505,993</b>

Business-type activities:

	Balance Oct. 1, 2005	Additions	Deletions	Adjustments	Balance Sept. 30, 2006
Non-depreciable capital assets:					
Land	\$ 3,878				3,878
Construction in progress	102,990			-102,990	0
<b>Total Non-depreciable capital assets</b>	<b>106,868</b>	<b>0</b>		<b>-102,990</b>	<b>3,878</b>
Depreciable capital assets:					
Buildings	6,550,812			102,990	6,653,802
Improvements other than buildings	912,603				912,603
Mobile equipment	92,218				92,218
Furniture and equipment	203,315				203,315
<b>Total depreciable capital assets</b>	<b>7,758,948</b>			<b>102,990</b>	<b>7,861,938</b>
Less accumulated depreciation for:					
Buildings	949,360	130,036			1,079,396
Improvements other than buildings	206,971	36,421			243,392
Mobile equipment	54,324	6,803			61,127
Furniture and equipment	127,024	15,849			142,873
<b>Total accumulated depreciation</b>	<b>1,337,679</b>	<b>189,109</b>		<b>0</b>	<b>1,526,788</b>
<b>Total depreciable capital assets-net</b>	<b>6,421,269</b>	<b>-189,109</b>			<b>6,335,150</b>
<b>Business -type activities assets, net</b>	<b>6,528,137</b>	<b>-189,109</b>		<b>0</b>	<b>6,339,028</b>

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

Adjustments in the amount of \$10,933,848, were required to correct prior year recording errors. These adjustments were made to record buildings and accumulated depreciation on the Bolivar Regional Medical Center facilities.

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 401,322
Public safety	304,069
Public works	1,858,022
Health and welfare	1,015
Culture and recreation	3,736
Economic development	1,928
Total governmental activities depreciation expense	<u>\$ 2,570,092</u>
Business-type activities :	
Public safety	\$ 189,109
Total business-type activities depreciation expense	<u>\$ 189,109</u>

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$750,000 for each accident and completely covers statutory limits set by the Worker's Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2005 to January 1, 2006. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(9) Operating Leases.

As Lessor:

On March 30, 2000, Bolivar County entered into a lease agreement with PHC-Cleveland, Inc., a wholly owned subsidiary of Province Healthcare Corporation to lease the Bolivar County Medical Center for 40 years. Bolivar County received prepaid lease payments of \$ 26,400,000 or \$ 660,000 per year. The lease term began April 15, 2000, and concludes April 14, 2040.

The Board of Supervisors, through an act of the legislature, created the Bolivar Medical Center Foundation, a non profit corporation, to manage the proceeds of the hospital lease and placed \$ 23,400,000 in the Foundation. As explained in Note 1 (A), the Bolivar Medical Center Foundation is a component unit of Bolivar County.

As Lessee:

The county has entered into certain operation leases which do not give rise to property rights. Total costs for such leases were \$ 7,689 for the year ended September 30, 2006. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2007	\$ 5,577
	220
	<u>\$ 5,797</u>

(10) Capital Leases:

As Lessor:

The county has joined the City of Cleveland in building and leasing a building to Faurecia. The county's portion of the project was \$ 750,000, which was financed by a CAP loan in the amount of \$ 750,000. This loan is being paid by the county's portion of the lease payments.

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2006, are as follows:

Year Ended September 30	Principal	Interest
2007	\$ 42,898	19,253
2008	44,203	17,949
2009	45,547	16,605
2010	46,932	15,219
2011	48,360	13,791
2012- 2016	264,782	45,974
2017- 2019	168,627	7,486
Total	<u>661,349</u>	<u>136,277</u>

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

(11) Long - term Debt.

Debt outstanding as of September 30, 2008, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Bolivar County Port, Series 1987	\$ 37,000	6.40/6.75	03-07
Jail Bonds, Series 1998	2,130,000	1.1 to 3.6	09-18
	<u>2,167,000</u>		
Total General Obligation Bonds	<u>\$ 2,167,000</u>		
B. Other Loans:			
Health department building	\$ 254,958	4.25	08/11
Expo annex	69,616	3.00	02/09
CDBG Knight Line Products, Inc.	587,662	4.00	02/09
Mississippi Development Bank, Advance # 2	11,518	Variable	03/07
Mississippi Development Bank, Advance # 3	64,800	5.39	09/06
Mississippi Development Bank, Advance # 4	104,601	5.39	09/08
Mississippi Development Bank, Advance # 5	48,000	5.39	07/09
Mississippi Development Bank, Advance # 6	1,304,411	5.39	05/10
CAP Loan - Faurecia	661,349	3.00	07/19
	<u>3,086,715</u>		
Total Other Loans	<u>\$ 3,086,715</u>		
Business-type Activities:			
Limited Obligation Bonds:			
MS Development Bank special obligation bonds, Series 2002A	\$ 6,020,000	3.00/5.125	07/25
MS Development Bank special obligation bonds, Series 2002B	2,075,000	3.00/5.125	07/25
	<u>8,095,000</u>		
Total Limited Obligation Bonds	<u>\$ 8,095,000</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2007	\$ 172,000	97,671	1,157,874	80,209
2008	140,000	90,616	583,093	59,191
2009	150,000	84,596	477,267	39,539
2010	155,000	77,996	339,345	22,209
2011	165,000	77,176	95,727	14,835
2012-2016	940,000	236,820	264,782	45,974
2017-2021	445,000	31,220	168,627	7,486
	<u>2,167,000</u>	<u>696,095</u>	<u>3,086,715</u>	<u>269,443</u>
Total	<u>\$ 2,167,000</u>	<u>696,095</u>	<u>3,086,715</u>	<u>269,443</u>

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

Year Ending September 30	Limited Obligation Bonds	
	Principal	Interest
2007	\$ 270,000	377,312
2008	290,000	367,038
2009	300,000	355,812
2010	310,000	344,000
2011	330,000	331,760
2012-2016	1,905,000	1,431,180
2017-2021	2,370,000	953,460
2022-2025	2,320,000	304,938
<b>Total</b>	<b>\$ 8,095,000</b>	<b>4,465,500</b>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2006, the amount of outstanding debt was equal to 6.23 % of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2006:

	Balance 10/1/2005	Additions	Reductions	Adjustments	Balance 9/30/2006	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 84,485	39,992			124,477	
General obligation bonds	2,432,000		265,000		2,167,000	172,000
Other loans	3,694,520		607,805		3,086,715	1,157,874
<b>Total</b>	<b>\$ 6,211,005</b>	<b>39,992</b>	<b>872,805</b>		<b>5,378,192</b>	<b>1,329,874</b>
<b>Business-type Activities:</b>						
Compensated absences	\$ 25,729	10,354			36,083	
Limited obligation bonds	8,360,000		265,000		8,095,000	270,000
<b>Total</b>	<b>\$ 8,385,729</b>	<b>10,354</b>	<b>265,000</b>		<b>8,131,083</b>	<b>270,000</b>

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(12) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purpose. Any disallowance resulting from a grantor audit may become a liability of the county. In fiscal years 2002 & 2003, grants were received for the purpose of making loans in the amount of \$ 841,528 to Knightline Products, Inc. and \$ 139,679 to River Run, for purposes of economic development. These loans have become delinquent and the county is currently pursuing collection. It is unclear at this time, whether the county will incur liability to repay the grant funds, should the loans prove to be uncollectible. No provisions for any liability that may result has been recognized in the county's financial statements.

Litigation - The county is part to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal council believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

(13) Related Organizations.

The Bolivar County Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations does not extend beyond making the appointments and in making annual appropriations, if any, to these organizations:

Bogue Hasty Drainage District  
Northern Drainage District  
Sub-Drainage District Number 12  
Number 11 Drainage District

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The county appropriated \$237,800 for maintenance and support of the commission in fiscal year 2006.

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The governing body is a 22-member board of directors, with four appointed by the Board of Supervisors of Bolivar County. The county appropriated \$8,925 for maintenance and support of the district in fiscal year 2006.

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Bolivar County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county levied \$258,096 in taxes for maintenance and support of the college in fiscal year 2006.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Bolivar County Board of Supervisors appoints two of the 12 members of the college board of trustees. The county levied \$258,085 in taxes for maintenance and support of the college in the fiscal year 2006.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Bolivar County Board of Supervisors appoints two of the 21 members of the board of commissioners. The county levied \$129,480 in taxes to support the district in fiscal year 2006.

Bolivar County Community Action Program, Inc. was created as a non-profit organization by non-government individuals in 1964 pursuant to federal community action legislation. The Bolivar County Board of Supervisors appoints seven of the 21 board members. Most of the entity's revenues are derived from federal grants. The county appropriated \$32,458 for maintenance and support of the organization in fiscal year 2006.

(15) Defined Benefit Pension Plan.

Plan Description - Washington County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1055 or by calling 1-800-444-PERS.

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2006 was 11.30% of covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions ( employer share only ) to PERS for the years ending September 30, 2006, 2005, and 2004 were \$660,452, \$610,052, \$528,063, respectively, equal to the required contributions for each year.

BOLIVAR COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2006

(16) Subsequent Events.

Subsequent to September 30, 2006, Bolivar County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/28/2006	7.5	\$ 1,035,000	G.O. bonds	General funds

On June 6, 2006, Bolivar County received a letter from Mid-Delta Empowerment Zone Alliance, Inc., regarding Knight Line Products, Inc., Project # M01-ECD-0048. The letter stated that due to the lack of information provided MDEZA, relating to the above referenced project, MDEZA considers Bolivar County in breach of the grant agreement and has asked that Bolivar County repay the entire grant amount of \$ 250,000. The outcome of this matter has not been determined.

On June 6, 2006, Bolivar County received a letter from Mid-Delta Empowerment Zone Alliance, Inc., regarding River Run Cafe, Inc., Project # M01-ECD-0027. The letter stated that due to the lack of information provided MDEZA, relating to the above referenced project, MDEZA considers Bolivar County in breach of the grant agreement and has asked that Bolivar County repay the entire grant amount of \$ 140,000. The outcome of this matter has not been determined.

BOLIVAR COUNTY

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BOLIVAR COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

Bolivar County  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 6,896,873	7,208,180	7,208,180	
Licenses, commissions and other revenue	306,750	323,094	323,094	
Fines and forfeitures	299,000	262,668	262,668	
Intergovernmental revenues	533,000	990,148	990,148	
Charges for services	25,000			
Interest income	50,000	269,082	269,082	
Miscellaneous revenues	161,120	240,162	240,162	
<b>Total Revenues</b>	<b>8,271,743</b>	<b>9,293,334</b>	<b>9,293,334</b>	<b>0</b>
<b>EXPENDITURES</b>				
Current:				
General government	4,396,239	4,634,801	4,634,801	
Public safety	2,115,805	2,293,473	2,293,473	
Health and welfare	782,843	685,040	685,040	
Culture and recreation	377,003	405,360	405,360	
Conservation of natural resources	151,921	108,432	108,432	
Economic development and assistance	122,679	131,792	131,792	
Debt Service		68,844	68,844	
<b>Total Expenditures</b>	<b>7,946,490</b>	<b>8,327,742</b>	<b>8,327,742</b>	<b>0</b>
Excess of Revenues over (under) Expenditures	325,253	965,592	965,592	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	370,000	263,641	263,641	
Uses	-1,295,830	-1,142,567	-1,142,567	
<b>Total Other Financing Sources and Uses</b>	<b>-925,830</b>	<b>-878,926</b>	<b>-878,926</b>	<b>0</b>
Net Change in Fund Balance	0	86,666	86,666	0
Fund Balance - Beginning	4,160,764	4,160,764	4,160,764	0
Fund Balance - Ending	\$ 4,160,764	4,247,430	4,247,430	0

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

Bolivar County  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Maintenance  
 For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,609,177	1,683,642	1,683,642	
Road and bridge privilege taxes	350,000	413,120	413,120	
Licenses, commissions and other revenue	2,500	3,522	3,522	
Intergovernmental revenues	550,000	703,478	703,478	
Interest income	10,000	88,121	88,121	
Miscellaneous revenues		60,975	60,975	
<b>Total Revenues</b>	<b>912,500</b>	<b>2,952,858</b>	<b>2,952,858</b>	<b>0</b>
<b>EXPENDITURES</b>				
Public works	3,304,678	3,691,026	3,691,026	
Debt service		449,742	449,742	
<b>Total Expenditures</b>	<b>3,304,678</b>	<b>4,140,768</b>	<b>4,140,768</b>	<b>0</b>
Excess of Revenues over (under) Expenditures	-2,392,178	-1,187,910	-1,187,910	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources		687,564	687,564	
Uses				
<b>Total Other Financing Sources and Uses</b>	<b>0</b>	<b>687,564</b>	<b>687,564</b>	
Net Change in Fund Balance	0	-500,346	-500,346	0
Fund Balance - Beginning	2,555,835	2,555,835	2,555,835	
<b>Fund Balance - Ending</b>	<b>\$ 2,555,835</b>	<b>2,055,489</b>	<b>2,055,489</b>	<b>0</b>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

Bolivar County

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2006

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budget Comparison Schedule - Budget and Actual ( Non-GAAP Basis ) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	General Fund	Countywide Road Maint. Fund
	<u>          </u>	<u>          </u>
Net Change in Fund Balance - Budget ( Cash Basis )	\$ 86,666	-500,346
Increase (Decrease)		
Net adjustments for revenue accruals	-144,944	1,047
Net adjustments for expenditure accruals	300,539	99,347
	<u>          </u>	<u>          </u>
Net Change In Fund Balance - GAAP Basis	\$ <u>242,261</u>	<u>-399,952</u>

BOLIVAR COUNTY

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BOLIVAR COUNTY

SPECIAL REPORTS

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PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
PRIMARY GOVERNMENT FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Supervisors  
Bolivar County, Mississippi

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the county's basic primary government financial statements and have issued our report thereon dated December 17, 2007. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units, and the report is qualified on the governmental activities and the General Fund because we were unable to satisfy ourselves as to the fair presentation of the fines receivable and cash of the Circuit Court. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bolivar County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bolivar County, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-01 and 06-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bolivar County, Mississippi's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



BRIDGERS & COMPANY, P.C.  
Certified Public Accountant  
Vicksburg, Mississippi

December 17, 2007

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PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Bolivar County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Bolivar County, Mississippi, as of and for the year ended September 30, 2006. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Bolivar County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Bolivar County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your response are disclosed below:

Inventory Control Clerk.

1 Finding

Depreciation had been incorrectly applied to several capital assets. This was done with the initial set-up of these assets, when the county established a fixed asset reporting system in compliance with GASB 34. Also, several major assets were not set-up initially and have required prior period adjustments to correct the situation.

Recommendation

The Inventory Control Clerk should establish adequate control procedures to ascertain the historical and / or estimated cost of capital assets, provide correct annual depreciation and maintain accurate inventory records documenting the completeness and valuation of capital assets.

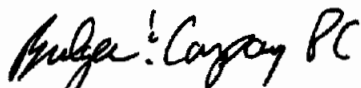
Inventory Control Clerk's Response

The Inventory Control Clerk will attend training seminars to become more familiar with the computer software used with the inventory control system. Continuing efforts are being made to insure that all assets are included in fixed asset inventory.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Bolivar County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

This report is intended for use in evaluating the central purchasing system and inventory control system of Bolivar County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



BRIDGERS & COMPANY, P.C.  
Certified Public Accountant  
Vicksburg, Mississippi  
December 17, 2007

BOLIVAR COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2006

Schedule 1

Our test results did not identify any purchases from other than the lowest bidder.

BOLIVAR COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2006

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Purpose</u>
03-08-06	Gas line pipe	\$6,600	Purdy's Pipe	Bridge repair

BOLIVAR COUNTY  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2006

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
03-08-06	Drug testing supplies	1,897	Dade Behring
03-18-06	Drug testing supplies	6,604	Dade Behring
03-21-06	Drug testing supplies	7,348	Dade Behring
03-20-06	Electric gate lock	8,963	RR Brink Locking System

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PRACTICE SECTION

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

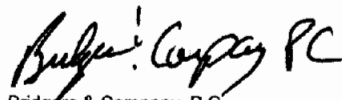
Members of the Board of Supervisors  
Bolivar County, Mississippi

In planning and performing our audit of the financial statements of Bolivar County, Mississippi for the year ended September 30, 2006, we considered Bolivar County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Bolivar County, Mississippi's financial reporting, we have performed additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 17, 2007, on the financial statements of Bolivar County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than this party. However, this report is a matter of public record and its distribution is not limited.



Bridgers & Company, P.C.  
Certified Public Accountant  
Vicksburg, Mississippi

December 17, 2007

BOLIVAR COUNTY

SCHEDULE OF FINDINGS

BOLIVAR COUNTY  
 Schedule of Findings  
 For the Year Ended September 30, 2006

Section 1: Summary of Auditor's Results

**Financial Statements:**

1.	Type of auditor's report issued on the primary government financial statements:	
	Governmental activities	Qualified
	Business type activities, aggregate discreetly presented	Unqualified
	General Fund	Qualified
	Countywide Road Maintenance Fund	Unqualified
	Aggregate remaining fund information	Unqualified
2.	Internal control over financial reporting:	
	a. Material weakness identified?	Yes
	b. Reportable condition identified that is not considered to be a material weakness?	No
3.	Noncompliance material to the primary government financial statements?	No

Section 2: Financial Statement Findings

Circuit Clerk.

06-1. Finding

Management did not maintain adequate subsidiary records documenting the fines receivable in the Circuit Clerk's office. Therefore, the Independent Auditor's Report is qualified on the General Fund because we were not able to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable in the General Fund. This is a repeat finding and has been reported on the last three audit reports.

Recommendation

The Circuit Clerk should establish procedures documenting the subsidiary fines receivable.

Circuit Clerk's Response

We are working to insure that our fines receivable records are correct. We anticipate that during the next fiscal year we will be able to provide correct information.

BOLIVAR COUNTY

Schedule of Findings  
For the Year Ended September 30, 2006

06-2. Finding

Internal control procedures were inadequate for maintaining records documenting the activity of the civil and criminal courts. As of September 30, 2006, the Circuit Clerk had a balance of \$ 90,812 in the Circuit Clerk Criminal bank account and \$ 99,726 in the Circuit Clerk Civil bank account. We were provided records, but we were unable to identify related liabilities of \$ 149,220. The Circuit Clerk cash was included in the financial statements. The unidentified liability was reflected as other payables. The Independent Auditor's Report is qualified on the General Fund because we were unable to identify the liabilities relating to Circuit Clerk cash.

Recommendation

The Circuit Clerk should prepare and maintain the necessary records to document the transactions of the civil and criminal courts or hire someone who is competent to prepare the records. She should also provide these records to the auditors to be audited. These records should include receipts for all collections, cash journals recording all receipts and disbursements, court dockets, accounts receivable records, and bank reconciliations. The Circuit Clerk should also ensure that all funds in these accounts are properly identified and settled.

Circuit Clerk's Response

My staff and I are continuing to identify funds in these accounts. Most of the funds are accumulated from a failure in our computer program during a power outage while transferring data from the Rosedale office to the server in the Cleveland office for backup. Funds are being identified using case files and deposit books. The Circuit Clerk will comply.